



Automotive Car Care – Additives, Lubricants, Wax and Polishes

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Summary

U.S. exporters of oil and fuel additives and car care products were able to increase exports to Germany by almost 5% in 2004, while the overall market for U.S.-manufactured aftermarket parts and accessories decreased by 5%. The market for automotive car care products is extremely competitive, U.S. manufacturers face intense competition from domestic and UK manufacturers, Indian and Asian products are beginning to gain a foothold.

Under the present economic situation, consumers are cutting back on car use and are interested in lengthening the life of their vehicle and keeping it in good condition to achieve a maximum resale price. This results in growing demand for oil additives that prolong engine life, as well as for car care products. As car care products can have an effect on the environment, however, they must undergo stringent testing.

As Oil/Gasoline manufacturers control gas stations and mainly sell their own branded car care products, the market is difficult to break into. Manufacturers of car care products compete fiercely for market share and demonstrate their products at consumer shows, shopping malls, DIY outlets and department stores.

A. MARKET HIGHLIGHTS AND BEST PROSPECTS

Although accurate figures are difficult to obtain, it is estimated that the total German market for car care products amounted to around USD 300 million in 2004.

Additives are mainly used for lubrication and fuel treatment. Waxes, polishes and general car care products are used mainly for bodywork, chrome, wheels, tires, and windscreens. Leather care products are also becoming increasingly popular. With more cabriolets being sold in Germany, sales of soft-top care products are also rising.

-- Statistical Data

Exact figures for car care products are not available, data is included in statistics for automotive tuning, accessories and spare parts, but the segment is estimated at approximately EUR 300 million. The German association for automotive parts dealers (GVA) recently estimated the market for accessories at EUR1.9 billion in 2005. Sales of customizing and tuning parts and equipment are estimated at approximately EUR 6.0 billion, of which approximately 50% is imported.

Figures for all types of parts and systems, for both Original Equipment (OE) and aftermarket, are as follows:

	2002	2003	2004	Est. Growth % 2005 - 2008
Import Market	9,853	9,951	10,448	0-5
Local Production	41,608	42,024	44,125	
Exports	16,660	16,826	17,667	
Total Market	34,801	35,149	36,906	-0-5
U.S. imports	2,150	2,488	2,612	-0-5
		2002	2003	2004
Exchange Rate (USD equals EUR)		1:1	1:1	1:1
Inflation Rate (assumed)		1.5	2.0	2.0

(Please note: All calculations are based on EUR)

2005 Import Market Share (Percent for U.S. and Major Competitors):

United States: 5%; Italy: 15%; Taiwan 15%; UK: 10%; France: 10%; China 10%; Belgium: 7%; Austria 8%; Other 20 %

Receptivity Score for additives and polishes (1/low - 5/high): 5

Intra-European trade is no longer considered international and it is difficult to obtain reliable export/import statistics. Many U.S. systems suppliers and component manufacturers are based in neighboring EU countries and, therefore, export/import figures in this report must be considered provisional. In the automotive workshop sector, many U.S. companies maintain manufacturing facilities in Germany and their products are regarded as German "domestic" production, not as U.S. exports.

--Additives

Sales of all types of additives have increased rapidly in the recent past and sell well, especially the following products:

- Fuel additives to clean the fuel injection system and carburetor
- Oil additives to improve lubrication in the motor and gearbox
- Diesel additives to keep the tank and fuel lines clean
- Lubricant additive to stop seal leakage
- Coolant additive to seal coolant systems

As most car manufacturers state that only chemical additives and lubricants they recommend be used in their vehicles - otherwise warranties may be voided - most additives are sold to owners of vehicles that are more than three years old (after the warranty has expired).

U.S.-manufactured additives sell well in Germany, provided they meet stringent German environmental standards.

-- Waxes and Polishes

Younger users tend towards optical tuning and interior "customizing", rather than engine and chassis tuning. Care products for laminated wood and brushed aluminum consoles for interior decoration, "special paint jobs", trendy lighting, chrome exhaust tips, smaller leather steering wheels and up-graded leather seating are in demand.

Although German manufacturers dominate the domestic market, there is room and opportunity for U.S. companies to successfully penetrate the market. Wood, plastic, rubber and PVC care products sell extremely well in Germany, as do all types of paint cleaners, detailing waxes and polishes.

However, although known household names such as "Meguiars" sell well in Germany, manufacturers of only one polishing product will find it difficult to enter the market. Most German wholesalers have been connected to their supplier for quite some time and, if they decide to change their supplier they often insist that the new one provide a full program of products, to cover every aspect of car care.

B. COMPETITIVE ANALYSIS

At the last automotive industrial trade exhibition held in Frankfurt (Automechanika), more than 400 manufacturers of additives and polishes exhibited.

In addition to domestic manufacturers and U.S. manufacturers, UK and Indian and Asian companies are beginning to enter the European Union (EU) markets. All U.S. companies before attempting to export or enter the European market should make sure that their products are patented and trade mark protected. U.S. manufacturers should take a look at - www.uspto.gov for important information on this subject. EU patent mark/trade mark approval should be attained before even trying to make contact with companies in any country in the EU, otherwise U.S. companies run the possibility of losing their trade name to a European manufacturer before they even enter a contract.

C. END-USER ANALYSIS

The traditional distribution channels for automotive accessories and parts are not the same as those for additives or car care products. Although German gas stations concentrate on selling convenience products (food, publications, experts believe that a higher volume of additives, polishes, anti-freeze and windscreen wash

products are sold through gas stations, than through traditional channels for accessories and parts. In addition, a high number of additives and polishes are sold through DIY and department stores.

MAJOR OIL COMPANIES OPERATING IN GERMANY

The following chart shows which oil companies' maintained gas stations in 2005:

Company/or Trade name	Road	Autobahn
Aral	2,498	83
Shell	2,151	83
Esso	1,236	36
Total	1,116	38
Avia	802	12
Jet	709	30
Agip	670	10
Orlen	483	1
OMV	378	3
Tamoil	229	5
Westfalen	209	6
OIL	195	3
Beckman (Q1)	136	
BayWa	111	2
Kuwait Petrol (Q8)	90	1
CalPam	65	1
Eller/Montan	39	1
Score	35	2
SVG	12	
Lothar (Nordoel, LTG)	82	2
Luehman (Classic)	70	
Hoyer	63	
LOMO	59	3
Raiffeisen	540	
Bavaria Petrol		1
Bft (independent)	1,506	36
Others	1,586	
Total in Jan 2005	15,070	359

For detailed information on the above gas stations, interested U.S. companies should contact the Zentralverband des Tankstellen und Garagengewerbes e.V. (ZTG), listed in this report under Major Trade Associations below. Other well-accepted marketing channels include cooperation, joint venture, and licensing agreements with German manufacturers, which then sell through their own distribution networks.

D. MARKET ACCESS

In order to ease access to the German market, the Commercial Service in Frankfurt has signed "Memoranda of Understanding - MOU" with major U.S. associations representing both OE and aftermarket products - with AAIA, APRA, MEMA and SEMA. Through these MOU agreements, members of these associations have a venue to approach German end-users, or can use CS services and personnel at selected German Trade Fairs. Detailed information can be obtained from CS Frankfurt (for contact information, please see the end of this report).

-- GERMAN AUTOMOBILE PURCHASING DEPARTMENTS

Because of language barriers and the complex organization of purchasing departments, it is sometimes difficult for foreign companies to approach purchasers at the major German automobile companies, or OE manufacturers.

Specified contact information for manufacturers, wholesalers, distributors and OEM agents, is available from CS Frankfurt.

-- AUTOMOTIVE AFTERMARKET

Agents and wholesale companies have formed an association, the "INTERESSEN-GEMEINSCHAFT DER WERKSVERTRETUNGEN FUER KFZ-TEILE e.V." (Association of Automotive Parts and Accessories Dealers), whose aim it is to advise new-to-market parts and accessories manufacturers on marketing and sales

opportunities in Germany. (For contact information, please see this section below, "Major Trade Associations".)

Additives and car care products are distributed through a multitude of channels before they reach the end user, depending on whether or not the seller has a manufacturing presence in Germany. In general, German manufacturers (as well as foreign companies with subsidiary operations in Germany) use their own distribution networks. Smaller companies without a manufacturing base in Germany usually sell through importers, agents, or wholesalers since those companies are familiar with local market conditions.

-- CUSTOMS DUTIES

Customs duties for automotive parts and accessories average approximately five percent. No customs duties are levied on imports from European Union (EU) countries. An import turnover tax of 16% is currently applied, which in turn is passed on to the final customer as a value-added tax (VAT). VAT also applies equally to European and German suppliers. Trade restrictions or other non-tariff barriers (such as quotas) do not exist, but all equipment has to comply with German (and/or European) safety regulations and technical standards. The metric system of weights and measures is standard in Germany.

-- TECHNICAL STANDARDS

Technical standards are defined, maintained and approved by:

DIN Deutsches Institut fuer Normung e.V.

(German Institute for Standards)

Burggrafenstr. 6

10787 Berlin

Telephone: (030) 2601-0

Telefax: (030) 2601231

English translations of standards are available from Beuth Verlag GmbH (Beuth Publishing), at the same address.

For further information on trade regulations and standards, please see the Country Commercial Guide for Germany, which can be accessed through the National Trade Data Base (NTDB) of the U.S. Department of Commerce.

-- INDUSTRY ASSOCIATIONS

Verband der Automobil Industrie e.V. (VDA)

(German Automobile Association)

Westendstrasse 61

60325 Frankfurt am Main

Telephone: (069) 975070

Telefax: (069) 7570261

Internet: www.vda.de

Bundesverband der Hersteller und Importeure von Automobil-Service-Ausruestungen e.V. (ASA)

(Manufacturing and Importers Association for Workshop Equipment) **

Grimmelshausen 1

77731 Willstaett

Telephone: (07852) 97990

Telefax: (07852) 97991

Internet: www.asa-verband.de

** ASA also prints and distributes a newsletter for its members, a copy of which can be obtained from:

PR-Marketing-&-Werbung

Mr. Peter H. Rehberg

Christinenstr. 2A

40880 Ratingen

Telephone: 02102-126645

Telephone: 0700-01-290542

Telefax: 0700-02-290542

Auto – 0172-7678001

Email: Asanetwork@t-online.de

Gesamtverband Autoteile-Handel e.V. (GVA)

(Association of Automotive Parts Dealers)

Oberstrasse 36-42

40878 Ratingen

Telephone:(02102) 473037
Telefax:(02102) 475663
Internet: www.gva.de

Verband Deutsche Automobil Tuner e.V. (VDAT)
(Association of German Automobile Tuners)
Lintorfer Waldstr. 5
40489 Dusseldorf
Telephone:(0203) 741435
Telefax:(0203) 741437
Internet: www.vdat.de

Zentralverband des Deutschen Kraftfahrzeug-Gewerbes e.V. (ZDK)
(Central Association for German Motor Trades and Repair)
Franz-Lohe-Str. 21
53129 Bonn
Telephone: (0228) 91270
Telefax: (0228) 2600110
Internet www.kfzgewerbe.de

Zentralverband Karroserie-und-Fahrzeug-Technik e.V. (ZKF)
(Central Association for Car and Body Technology)
Frankfurter Str. 2
61118 Bad Vilbel
Telephone:(06101) 12061
Telefax:(06101) 12598
Internet: www.zkf.com

Zentralverband des Tankstellen- und Garagen-
Gewerbes e.V. (ZTG)
(Central Gas Station and Garage Industry Association)
Dreieichstrasse 42
60594 Frankfurt am Main - reports
Telephone (069) 624044
Telefax (069) 622451

Bundesverband Freier Tankstellen und
Unabhaengeriger Deutscher Mineraloelhandler e.V. (BFT)
(German Association for Self-Employed Gas Station
and Mineral Oil Dealers)
Ippendorfer Allee 1-D
53127 Bonn
Telephone (0228) 910290
Telefax (0228) 9102929
Internet www.bft.de

E. TRADE PROMOTION

-- TRADE PUBLICATIONS

Advertising in professional trade journals is a well-accepted method of product promotion. The following German language magazines are important for U.S. exporters of aftermarket parts and service:

Auto, Motor und Zubehoer – AMZ
Hans-Boeckler-Allee 7
30173 Hannover
Telephone: (0511) 8550-2610
Telefax: (0511) 8550-2405
Internet: www.amz.de

Frequency of publication: 10 times a year
Circulation: 25,000

German language publication dealing with: car dealerships, workshops, accessories, services, wholesalers and distributors. This magazine supplies a table of exhaust emissions data for use by German emission testing stations.

Lastauto - Omnibus
Vereinigte-Motor-Verlage GmbH & Co KG

Schloss Strasse 37
70174 Stuttgart 1
Telephone: (0711) 784980 /11
Telefax: (0711) 7849889
Internet: www.eurotransport.de
Frequency of Publication: monthly
Circulation: 14,000
German language publication dealing with bus and truck production.

Lastauto - Omnibus
Vereinigte-Motor-Verlage GmbH & Co KG
Schloss Strasse 37
70174 Stuttgart 1
Telephone: (0711) 784980 /11
Telefax: (0711) 7849889
Internet: www.eurotransport.de
Frequency of Publication: monthly
Circulation: 14,000
German language publication dealing with bus and truck production.

Fahrzeug & Karosserie
Gentner Verlag Stuttgart
Forst Strasse 131
70193 Stuttgart
Telephone: (0711) 636720
Telefax: (0711) 6367247
Internet: www.shk.de
Frequency of Publication: monthly
Circulation: 6,500
German language publication for bodyshop equipment.

Autohaus
Bartsch Verlag
Alte Landstr. 8 - 10
85521 Ottobrunn
Telephone: (089) 43721110
Telefax: (089) 43180372
Internet: www.autohaus.de
Frequency of Publication: bi-weekly
Circulation: 20,500
German language publication for producers, suppliers and users of bodyshop and auto maintenance equipment.

Krafthand
Krafthand Verlag
Postfach 1462
86825 Bad Woerishofen
Telephone: (08247) 30070
Telefax: (08247) 300770
Internet: www.krafthand.de

KFT
Heinrich Bauer Spezialzeitschriften
Hardenberstr. 28
10623 Berlin
Telephone: (030) 8835100
Telefax: (030) 8818915
Frequency of Publication: monthly
Circulation: 110,000
Technical magazine reporting on engines and related components, also incorporates a technical dictionary.

-- TRADE FAIRS

Participation by U.S. companies in German trade shows is one of the best means of finding customers in Germany and throughout Europe. U.S. manufacturers not yet represented in the European market, or those who wish to present new products, should consider exhibiting at international German trade fairs. Details of U.S. pavilions at these trade fairs can be obtained from CS Frankfurt. Relevant fairs are listed below:

Event: AUTOMECHANIKA - Frankfurt
Site: Frankfurt
Dates: September 12-17, 2006
Organizer: Messe Frankfurt - Messe und Ausstellungs GmbH
(Exhibition Frankfurt - Fair and Exhibition Organizer)
Contact: Mr. Skander Negasi (Project Manager)
Ludwig-Erhard-Anlage 1
60327 Frankfurt
Telephone: (069) 7575-0 Extension 6711 -
Telefax: (069) 7575-6433
Internet: www.messe-frankfurt/-automechanika
E-mail: info@messefrankfurt.de

or, contact in the United States

Messe Frankfurt, Inc.
Dirk Heinz Ebener
200 Galleria Parkway, NW
Atlanta, Georgia 30339

Telephone: (770) 984-8016
Telefax: (770) 984-8023
E-mail: dirk.ebener@usa.messefrankfurt.com

In 2004, AUTOMECHANIKA featured 4,468 exhibitors, including over 200 from the United States, on 300,000 square meters of exhibition area and attracted 163,564 trade visitors from 145 countries. This trade fair is the world's largest for automotive parts and equipment, workshop equipment and services, and, since 2002, also showcases OE parts and systems. The Automechanika is held every two years, alternating with the IAA (see below). Visitors consist mainly of buyers from international wholesalers and distributors.

In cooperation with major U.S. Associations, CS Frankfurt provides pre-show support and product promotion for U.S. manufacturers to the European press, as well as staff hands-on support at five major U.S. pavilions. In 2004, U.S. manufacturers sold after-market products off the floor for over USD 50 million, with additional sales of over USD 80 million expected over the following 12 months.

Event: IAA (International Automobile Exhibition)
Site: Frankfurt
Dates: September 17-25, 2005
Organizer: Verband der Automobil Industrie e.V.
(Automotive Industry Association)
Westend Strasse 61
60325 Frankfurt am Main
Telephone: (069) 975070
Telefax: (069) 97507305
Internet: www.vda.de or www.iaa.de

or, contact in the United States:

Motor Vehicle Manufacturers Association
Att. Mr. Evers
300 New Center Bldg.
Detroit, MI 48202
Telephone: (313) 872-4311
Telefax: (313) 872-5400

In 2003, a total of 988 exhibitors from 42 countries displayed their products in ten halls covering a total exhibition area of 155,475 square meters. Over 996,000 people visited the fair, a high percentage of them from foreign countries. A total of 37% of the exhibitors were foreign, with 13% from the U.S. (U.S. companies located in Germany not included). Interestingly, 33% of the visitors are from the automotive industry, although the consumer and world press attention is on new passenger vehicles.

The consumers visit the ground floors of all of the major halls, where the IAA showcases new passenger vehicles as well as tuned and customized vehicles.

Of the Industry visitors, 26% are from automobile manufacturers and 28% are from parts and equipment manufacturers. These visit the exhibits in the floors above and in hall 8, where manufacturers display OE parts and equipment, as well as aftermarket parts and accessories. According to the VDA, 25% of the industry visitors

are decision makers. Purchasing personnel are hard to find at the stands, where exhibition staff are normally from the sales or press department. The show is ideal for U.S. manufacturers that are promoting/launching a new product, especially those wishing to have visibility with consumers.

Event: IAA NUTZFAHRZEUGE - Heavy duty vehicle exhibition
Site: Hanover
September 21-28, 2006
Organizer: Verband der Automobil Industrie e.V.
(Automotive Industry Association)
Westend Strasse 61
60325 Frankfurt am Main
Telephone (069) 97507 0
Telefax (069) 97507305
Internet: www.vda.de

or, contact in the United States:

Motor Vehicle Manufacturers Association
Att. Mr. Evers
300 New Center Bldg.
Detroit, MI 48202
Telephone: (313) 872-4311
Telefax: (313) 872-5400

In 2004, a total of 1,227 exhibitors from 43 countries displayed their products in ten halls covering a total exhibition area of 155,500 square meters. A total of 236,800 industry-related visitors attended the fair.

At this fair, manufacturers exhibit trucks, buses, trailers and truck bodies, as well as all possible aspects of accessories and transport devices. In addition, exhibitors include logistics and transport companies dealing with freight by land and rail.

Event: Essen Motor Show
Site: Essen
Dates: November 25- December 4, 2005
Organizer: Messe Essen GmbH
Norbert Strasse
45131 Essen
Telephone: (0201) 7244-0
Telefax: (0201) 7244-248
E-mail: info@messe-essen.de
Internet: www.essen-motorshow.de

CS Frankfurt, organizes a U.S. pavilion at this show. Interested U.S. manufacturers should contact CS Frankfurt (contact information follows below).

In 2004, the Essen Motor Show 570 exhibitors from 19 countries exhibited their products on 110,000 sq. meters of exhibit area spread over 20 halls. The show drew over 400,000 visitors, 15% of them from other countries, of which 12% were from outside the EU. CS has observed at this event, that many young visitors are from Belgian and Holland. The show organizer reports that a third of the visitors are industry related, i.e. work in the automotive industry.

Products can be sold at this show. The main attractions are tuned and racing vehicles, tuning/customizing and electronic products. The halls showcasing hi-fi, lights and muffler products are particularly packed with buyers during the show. Professional visitors to the Essen Motor Show tend to be owners of small, independent tuning and customizing shops, rather than major wholesalers/distributors. Many of these independent shops deal with specific/niche areas, including automobile clubs and conduct a major part of their business through the Internet.

The Essen Motor Show attracts a high proportion of international press and television companies.

Event: Tuning World Bodensee
Site: Friedrichshafen
Dates: April 1-5, 2006
Organizer: Messe Friedrichshafen
Mr. Dirk Kreidenweiss - Project Manager
Neue Messe 1
88046 Friedrichshafen
Telephone: (07541) 708-444

Telefax: (7541) 708-2401
E-mail: dirk.kreidenweiss@messe-fn.de
Internet: www.tuning-world-bodensee.de

This tuning show is fairly new (in 2006 the fourth show) and is heavily concentrated on tuning and customizing products. It features live shows around tuning products and the main theme is the U.S. TV show "pimp-my-car". The "Tuning World" is located in a very wealthy region of Germany, DaimlerChrysler, BMW and Audi are close by. Switzerland and Austria are less than 100 miles away. The show started very small and is increasing size rapidly. In 2005 there was a 50% increase in visitors and a 30% increase in exhibitor space (60,000 sqm). Over 230 exhibitors exhibited more than 1,000 tuned vehicles and 175 specialist automobile clubs had their own stands. For U.S. manufacturers that are interested in penetrating Southern Germany, Switzerland and Austria, this is an interesting show.

Event: AMITEC – runs concurrent with AMI (see description below)
Site: Leipzig
Dates: April 1-5, 2006
Organizer: Leipziger Messe
Ms. Ulrike Wude - Project Manager
Postfach 100720
04007 Leipzig
Telephone: (0341) 678-0 Extension 8228
Telefax: (0341) 6788762
E-mail: info@leipziger-messe.de
Internet: www.messe-leipzig.de/automobilinternational

or, contact in the United States

Leipzig Trade Fair Agency in the USA
Weidenbach & Associates, Inc.
Suite 1104, Cain Tower
229 Peachtree Street, N.E.
Atlanta, GA 30303
Telephone: (404) 525-7030
Telefax: (404) 525-6658

In 2005, AMITEC ran together with AMI (Consumer Fair for new passenger vehicles). The combined events showcased more than 400 exhibitors from 20 countries on 122,000 sq. meters of exhibit area, drawing about 300,000 visitors. The main exhibits at the AMI were automobiles and trucks.

The AMITEC showcases automotive parts, accessories and services, as well as workshop and gas station equipment, which are shown in separate halls. At AMITEC, many of the German and EU exhibitors are the same as those that exhibit at Automechanika, which takes place again in 2006 (see above). In 2005, AMITEC drew 41,500 visitors, most of which were qualified businessmen with the ability to make purchasing decisions.

For U.S. companies wishing to enter Eastern Germany, or Eastern Europe, this is an ideal event, as it draws mainly consumers and trade visitors from Eastern Germany and Eastern Europe.

Commercial Service Contact:
Paul R. Warren-Smith
American Consulate General
U.S. Commercial Service
Telephone: (069) 95620415
Telefax (069) 561114
E-mail: Paul.Warren-Smith@mail.doc.gov

The U.S. Commercial Service Germany can be contacted via e-mail at: frankfurt.office.box@mail.doc.gov, website: <http://www.buyusa.gov/germany/en/>.

You can locate your nearest U.S. Export Assistance Center, as well as Commercial Service offices overseas by visiting www.buyusa.gov.

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